

Minutes of the ARKANSAS NATURAL RESOURCES COMMISSION

February 7, 2008

The regular meeting of the Arkansas Natural Resources Commission was held Thursday, February 7, 2008, at 9:30 a.m., in the Arkansas River Room, Arkansas Natural Resources Commission, 101 East Capitol, Suite 350, Little Rock, Arkansas.

Commissioners in attendance were Chairman David Feilke; Corbet Lamkin; Alec Farmer; Neal Anderson; Jerry Mitchell; Sloan Hampton; Daniel Bryant; Ann Cash; and Robert White.

Staff members participating included: Randy Young, Executive Director; Jon Sweeney, Deputy Director/Chief Engineer; Adrian Baber, Chief, Conservation Division; Earl Smith, Chief, Water Resources Management Division; Edward Swaim, General Counsel; Mark Bennett, Chief, Water Resources Development Division; Pat Smith, Executive Assistant; Crystal Phelps, Associate General Counsel; Joe Williams, Land Resource Specialist; Alan Johnson, Engineer; Randolph Polk, Engineer; Gina Wilson, Administrative Assistant; Dave Fenter, and Laura Brown, Administrative Assistant.

Chairman Feilke called the regular meeting of the Arkansas Natural Resources Commission to order.

A list of guests is attached to the minutes.

APPROVAL OF MINUTES; DECEMBER 11, 2007

Upon motion by Mr. White, second by Mr. Anderson, the Commission approved the minutes of the December 11, 2007, meeting.

REPORT OF THE EXECUTIVE DIRECTOR

Pope County Conservation District Employee – Mr. Young was sad to report that a dear friend of the Commission, Mrs. Dana Cherry, her husband and 11-year daughter, were tragically killed by the tornado that hit Atkins, Arkansas on February 5th. Mrs. Cherry was the secretary of the district and also served as the Floodplain Manager for Pope County.

Reappointment – Mr. Young announced the reappointment by Governor Beebe of Dr. Corbet Lamkin to the Commission. Dr. Lamkin's new term will expire January 14, 2015.

Employee Recognition – Mr. Young presented twenty-year service certificates to Alan Johnson and Randolph Polk for their service to the State of Arkansas.

State Climatologist – Mr. Young was delighted to recognize Mr. Mike Borengasser, a member of the ANRC staff, as Arkansas's recently named State Climatologist.

STATUS OF FINANCIAL ASSISTANCE PROGRAMS

Mrs. Cynthia Rhoads-Bearden presented the financial assistance report. (Copy of report attached to the minutes).

LEGAL ISSUES

There were no legal issues to report.

FINANCIAL ASSISTANCE

SERIES RESOLUTION – SERIES 2008 ARKANSAS GENERAL OBLIGATION BONDS

Consideration of the State of Arkansas Water, Waste Disposal & Pollution Abatement Facilities General Obligation Bonds – Series 2008 – Mr. Bennett presented the State of Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bonds Resolution – Series 2008 Resolution. Mrs. Cash provided notice that she was employed by Boeuf-Tensas Irrigation District that might receive funding under the program and recused herself. Upon motion by Dr. Lamkin, second by Mr. Farmer, the Commission adopted the Resolution that authorizing the issuance and sale of \$25,425,000 of State of Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bonds, Series 2008.

STRATEGY COMMITTEE APPOINTED – Chairman Feilke appointed a Strategy Committee for the upcoming General Obligation Bond election. They are Mrs. Cash, Chairman; Corbet Lamkin; and Robert White.

APPLICATIONS FOR FINANCIAL ASSISTANCE

Mr. Bennett presented staff recommendations for the referenced projects below requesting financial assistance from the Water Development Fund (WDF); the Water, Sewer and Solid Waste Fund (WSSW); the Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bond Program (AWWDPAFGOBP); the Clean Water State Revolving Loan Fund (CWRLF); and the Drinking Water State Revolving Fund (DWSRF).

Upon motion by Dr. Lamkin, second by Ms. Cash, the Commission approved the following:

BURDETTE (MISSISSIPPI COUNTY) (WSSW)

Up to \$154,500.00

PURPOSE OF FUNDS: *Construction of an additional well and improvements to the water treatment plant.*

The Commission approved a loan in an amount up to **\$154,500.00** for Burdette from the Water, Sewer and Solid Waste Fund. This loan is for twenty (20) years at five percent (5%) interest. An administrative fee in an amount up to \$4,500.00 is to be retained by the Commission. Approval is contingent upon the City establishing and maintaining a depreciation reserve fund.

BURDETTE (MISSISSIPPI COUNTY) (WSSW)

Up to \$103,000.00

PURPOSE OF FUNDS: *Construction of an additional well and improvements to the water treatment plant.*

The Commission approved a deferred loan in an amount up to **\$103,000.00** for Burdette from the Water, Sewer and Solid Waste Fund. This deferred loan is for thirty (30) years with a repayment schedule of 20 years at five percent (5%) interest. Payment upon principal is to be deferred for ten (10) years and interest is to be waived for ten (10) years. An administrative fee in the amount of \$3,000.00 is to be retained by the Commission. Approval is contingent upon the City establishing and maintaining a depreciation fund.

BURDETTE (MISSISSIPPI COUNTY) (WSSW)

Up to \$103,000.00

PURPOSE OF FUNDS: *Construction of an additional well and improvements to the water treatment plant.*

The Commission approved a grant in an amount up to **\$103,000.00** for Burdette from the Water, Sewer and Solid Waste Fund. An administrative fee in an amount up to \$3,000.00 is to be retained by the Commission. Approval is contingent upon the City establishing and maintaining a depreciation reserve fund and upon the grant funds being the last funds used for the project.

ALICIA (LAWRENCE COUNTY) (WSSW)

Up to \$77,250.00

PURPOSE OF FUNDS: *To rehabilitate two major lift stations located in the wastewater collection system to include new pumps and new panels.*

The Commission approved a loan in an amount up to **\$77,250.00** for Alicia from the Water, Sewer and Solid Waste Fund. This loan is for twenty (20) years at five percent (5%) interest. An administrative fee in an amount up to \$2,250.00 is to be retained by the Commission. Approval is contingent upon the City establishing and maintaining a depreciation reserve fund.

ALICIA (LAWRENCE COUNTY) (WSSW)

Up to \$25,750.00

PURPOSE OF FUNDS: *To rehabilitate two major lift stations located in the wastewater collection system to include new pumps and new panels.*

The Commission approved a grant in an amount up to **\$25,750.00** for Alicia from the Water, Sewer and Solid Waste Fund. An administrative fee in an amount up to \$750.00 is to be retained by the Commission. Approval is contingent upon the City establishing and maintaining a depreciation reserve fund and upon the grant funds being the last funds used for the project.

Mr. Michael Lindsey spoke on behalf of the Northwest Arkansas Conservation Authority.

**NORTHWEST ARKANSAS CONSERVATION AUTHORITY
(AWWDPAFGOBP)**

Up to \$38,110,000.00

PURPOSE OF FUNDS: *Construction of a new regional wastewater facility.*

The Commission approved funding for Northwest Arkansas Conservation Authority from the Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bond Program in an amount not to exceed **\$38,110,000.00**.

The project approved in this resolution is to be funded from the proceeds of the State of Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bonds (the "Bonds"). In connection

with the issuance of the Bonds, the Commission will covenant with the owners of the Bonds not to engage in any use of the proceeds of the Bonds, which would cause the interest on the Bonds to cease to be excludable from gross income for federal income taxation purposes. All documents evidencing the commitment for financing and completion of the project mentioned in this resolution shall be subject to modification, amendment for further conditions to comply with the rules and regulations (including all amendments thereto), which the Commission may adopt, from time to time in order to comply with the covenants concerning the tax- exempt status of the Bonds.

The loan terms and interest rate are to be set by the Executive Director. Interest is to be waived for three (3) years with a repayment schedule of up to thirty-two (32) years.

Staff is hereby directed to negotiate a "Memorandum of Agreement" with the above named applicant as provided for in the Section 502.1 of Title V, Administrative Rules and Regulations for Financial Assistance, within 60 days.

Approval is contingent upon the availability of any other required funds and upon completion of all statutory and regulatory requirements within a period of 180 days. An administrative fee of three percent (3%) will be collected by the Commission at loan closing.

HORATIO (SEVIER COUNTY) (CWRLF)

Up to \$500,000.00

PURPOSE OF FUNDS: *To upgrade the existing wastewater treatment facility to meet new water quality criteria.*

The Commission approved loan funds in an amount up to **\$500,000.00** for the City of Horatio from the Arkansas Clean Water State Revolving Loan Fund in accordance with the established funding priorities. The loan repayment schedule will not exceed twenty (20) years. The Executive Director will set the combined annual borrower rate and loan terms.

CENTRAL ARKANSAS WATER (PULASKI COUNTY) (DWSRF)

Up to \$13,400,000.00

PURPOSE OF FUNDS: *Water treatment plant upgrades, tank construction and pipeline replacement.*

The Commission approved loan funds in an amount up to **\$13,400,000.00** for Central Arkansas Water from the Arkansas Drinking Water State Revolving Loan Fund in accordance with the established funding priorities. The loan repayment schedule will not exceed thirty (30) years. The Executive Director will set the combined annual borrower rate and loan terms. An administrative fee of three percent (3%) will be collected at loan closing by the Commission. Approval is contingent upon the availability of the federal capitalization grant and the state match.

PARIS (LOGAN COUNTY) (DWSRF)

Up to \$4,000,000.00

PURPOSE OF FUNDS: *Construction of a new raw water pumping facilities, raw water transmission line, clarification/filtration, chemical feed, clearwell, system storage and associated site work.*

The Commission approved loan funds in an amount up to **\$4,000,000.00** for the City of Paris from the Arkansas Drinking Water State Revolving Loan Fund in accordance with the established funding priorities. The loan repayment schedule will not exceed thirty (30) years. The Executive Director will set the combined annual borrower rate and loan terms. An administrative fee of three percent (3%) will be

collected at loan closing by the Commission. Approval is contingent upon the availability of the federal capitalization grant and the state match.

WARD (LONOKE COUNTY) (DWSRF)

Up to \$3,000,000.00

PURPOSE OF FUNDS: Construction of new water storage tank.

The Commission approved loan funds in an amount up to **\$3,000,000.00** for the City of Ward from the Arkansas Drinking Water State Revolving Loan Fund in accordance with the established funding priorities. The loan repayment schedule will not exceed thirty (30) years. The Executive Director will set the combined annual borrower rate and loan terms. An administrative fee of three percent (3%) will be collected at loan closing by the Commission. Approval is contingent upon the availability of the federal capitalization grant and the state match.

Mr. Tim Mays, Engineer with Engineering Services; and the Honorable Roy Huston, Mayor of Omaha, spoke on behalf of the city. Upon motion by Dr. Lamkin, second by Mr. Mitchell, the Commission approved Financial Assistance and Change in Terms as follows:

OMAHA (BOONE COUNTY) (WDF)

Up to \$190,550.00

PURPOSE OF FUNDS: *Tank construction and associated pipeline improvements.*

The Commission approved a loan in an amount up to **\$190,550.00** for Omaha from the Water Development Fund. This loan is for twenty (20) years at five percent (5%) interest. An administrative fee in an amount up to \$5,550.00 is to be retained by the Commission. Approval is contingent upon the City establishing and maintaining a depreciation reserve fund.

OMAHA (BOONE COUNTY) (WDF)

Up to \$109,438.00

PURPOSE OF FUNDS: *Tank construction and associated pipeline improvements.*

The Commission approved a deferred loan in an amount up to **\$109,438.00** for Omaha from the Water Development Fund. This deferred loan is for thirty (30) years with a repayment schedule of twenty (20) years at five percent (5%) interest. Payment upon principal is to be deferred for ten (10) years and interest is to be waived for ten (10) years. An administrative fee in the amount of \$3,188.00 is to be retained by the Commission. Approval is contingent upon the City establishing and maintaining a depreciation fund.

OMAHA (BOONE COUNTY) (WDF)

Up to \$93,988.00

PURPOSE OF FUNDS: *Tank construction and associated pipeline improvements.*

The Commission approved a grant in an amount up to **\$93,988.00** for Omaha from the Water Development Fund. An administrative fee in an amount up to \$2,738.00 is to be retained by the Commission. Approval is contingent upon the City establishing and maintaining a depreciation reserve fund and upon the grant funds being the last funds used for the project.

CHANGE IN FINANCIAL ASSISTANCE TERMS

OMAHA (BOONE COUNTY) (AWWDAPAFGOBP)

\$2,726,731.00

Loan Bond 97B26

The Terms of Loan Bond-96B26 are revised to provide that the outstanding principal balance is \$2,535,163.85. No interest shall be charged on the outstanding balance. Approximately equal semi-annual repayments shall begin on June 1, 2009 and continue each June 1 and December 1 thereafter including December 1, 2038.

ADDITIONAL APPLICATIONS FOR FINANCIAL ASSISTANCE

Mr. Tim Mays, Engineer with Engineering Services, spoke on behalf of Sulphur Springs. Upon motion by Mrs. Cash, second by Mr. Mitchell, the Commission approved the following for financial assistance:

SULPHUR SPRINGS (BENTON COUNTY) (WSSW)

Up to \$154,500.00

PURPOSE OF FUNDS: *To make emergency repairs on five creek crossing in the sewer collection system damaged during a flash flood.*

The Commission approved a deferred loan in an amount up to **\$154,500.00** for Sulphur Springs from the Water, Sewer and Solid Waste Fund. This deferred loan is for a period of approximately twenty-six (26) years with a repayment schedule of twenty (20) years at five percent (5%) interest. Interest is to be waived until March 1, 2014 and repayment upon principal and interest to begin March 1, 2015. An administrative fee in an amount up to \$4,500.00 is to be retained by the Commission. Approval is contingent upon the City establishing and maintaining a depreciation fund.

SULPHUR SPRINGS (BENTON COUNTY) (WSSW)

Up to \$154,500.00

PURPOSE OF FUNDS: *To make emergency repairs on five creek crossing in the sewer collection system damaged during a flash flood.*

The Commission approved a grant in an amount up to **\$154,500.00** for Sulphur Springs from the Water, Sewer and Solid Waste Fund. An administrative fee in an amount up to \$4,500.00 is to be retained by the Commission. Approval is contingent upon the City establishing and maintaining a depreciation reserve fund. Any funds remaining after completion of the project shall be returned to the Commission and used to reduce the loan and grant equally.

BREAK AND RECONVENE

CONSERVATION DIVISION

APPOINTMENTS/REAPPOINTMENTS TO CONSERVATION DISTRICT BOARDS

Mr. Adrian Baber presented the staff recommendations for appointments/reappointments for Conservation District Boards of Directors. Commission action is as follows.

Upon motion by Mrs. Cash, second by Mr. White, the Commission approved the following reappointments:

REAPPOINTMENTS

<i>Calhoun CD</i>	<i>Billy Williams</i>
<i>Clay County CD</i>	<i>Richard Simmons</i>
<i>Cleburne County CD</i>	<i>Pat McGary</i>
<i>Hot Spring County CD</i>	<i>William O'Neal</i>
<i>Ouachita County CD</i>	<i>Don Turman</i>
<i>Ouachita County CD</i>	<i>Artis Williams</i>
<i>Pope County CD</i>	<i>Roy Reaves</i>
<i>Pulaski County CD</i>	<i>Debbie Moreland</i>
<i>Pulaski County CD</i>	<i>Sam McGhee</i>

Upon motion by Mrs. Cash, second by Mr. Farmer, the Commission approved the following appointments:

APPOINTMENTS

<i>Conway County CD</i>	<i>Sam McCallie</i>
<i>Conway County CD</i>	<i>Wayne Martin</i>

CONSERVATION DISTRICT ACTIVITY REPORT – Mr. Joe Williams introduced Mr. Larry Free, of the Poteau River Conservation District. He highlighted current district activities and programs.

WATER RESOURCES MANAGEMENT DIVISION – Mr. Ken Brazil reported on the Illinois River Conservation Reserve Enhancement Program (CREP). An application was submitted to USDA by the Commission. Mr. Young reported that the Commission's share of the project would be paid from the General Improvement Funds made available by the Governor and a commitment from the poultry integrators in the area.

ACTIVITY REPORTS

Informational activity reports were presented by the following: Mark Sattelberg, U.S. Fish & Wildlife; Debbie Moreland, AACD; Jerry Virden, USDA Rural Development; Kalven Trice, USDA Natural Resource Conservation Service.

COMMISSION TRAVEL EXPENSE REIMBURSEMENT

Commissioner Expense Reimbursement and Stipend – Upon motion by Mrs. Cash, second by Mr. Farmer, the Commission, pursuant to Ark. Code Ann. §25-16-904 and Ark. Code Ann. §25-16-902,

agreed to decline payment of an \$85.00 per meeting attended stipend for non-state agency employee members of the Commission, and authorized expense reimbursement for official business at the rate of state employees.

Approval of Travel Reimbursement – Upon motion by Mrs. Cash, second by Mr. White, the Commission approved reimbursable expenses for the Chairman or his designated representative to attend the following:

Interstate Council on Water Policy, March 4-6, 2008, Washington, DC

ADJOURN

There being no further business, the meeting was adjourned.

J. Randy Young, P.E.
Executive Director and Secretary

Date